

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2008

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Central Community Schools of Clinton County  
Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education (Before September 2007 Election)</b>		
Dona Bark	President	2008
Kurt Rickard	Vice President	2009
Bill Turnis	Board Member	2009
Dennis Campbell	Board Member	2007
James Irwin, Jr.	Board Member	2007
<b>Board of Education (After September 2007 Election)</b>		
Kurt Rickard	President	2009
Dona Bark	Vice President	2008
Dennis Campbell	Board Member	2011
James Irwin, Jr.	Board Member	2011
Bill Turnis	Board Member	2009
<b>School Officials</b>		
Dr. Carol Hansen	Superintendent	2008
Janice Culbertson	District Secretary and Business Manager	2008
Patti Waack	District Treasurer	2008
Brian Gruhn	Attorney	2008
Ahlers & Cooney	Attorney	2008

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Central Community Schools of Clinton County:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Central Community Schools of Clinton County, DeWitt, Iowa as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Central Community Schools of Clinton County at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated April 14, 2009 on our consideration of the Central Community Schools of Clinton County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Members American Institute & Iowa Society of Certified Public Accountants

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 16 and 39 through 40 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Central Community Schools of Clinton County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for four years ended June 30, 2007 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Nolte, Cornman & Johnson PC*  
NOLTE, CORNMAN & JOHNSON, P.C.

April 14, 2009

## **Management Discussion and Analysis**

Central Community Schools of Clinton County District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

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### **Financial Highlights**

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- \* Central Community School District began a partnership with Genesis Hospital for an athletic trainer. For 2007-08 the trainer will work with coaches and students at no cost to the District. In June 2008, the Board decided to contract with Genesis Hospital to provide an athletic trainer to the District for 2008-09 at a cost of \$14,000.
  - \* On July 5, 2007 a letter was received from Welton City Council declining the purchase of the District owned property at Welton. The Council did express interest in the playground and ball field areas. On December 1, 2007, the Board approved their request at a cost of \$1.
  - \* In August the Board discussed Phase IIA construction plans with architect Steve Zbylicki from FRK. The plans include renovation of high school kitchen, new construction for cafeteria and alternative school rooms. Estimate cost of the project was \$1,835,000.
  - \* In August representatives of the Saber Team for Arts and Recreation (STAR) Committee presented information to the Board concerning an 800 seat auditorium and 1800 seat gymnasium proposal. The community group expects to raise funds for the new construction project.
  - \* Power School student data system was installed.
  - \* Jim Irwin and Dennis Campbell were re-elected to three year terms on the Board of Education.
  - \* Certified enrollment count on October 1, 2007 indicated a 3.4 student increase from the previous year. Resident student count was 1555.5.
  - \* On October 2, 2007 Todd Hackett Construction was awarded the contract for Phase IIA construction of the high school kitchen renovations and new construction for cafeteria and alternative school classrooms. Low bid was \$1,891,000.
  - \* Central Community School District applied to SBRC for modified allowable growth in the amount of \$82,745 for increased enrollment and open enrollment out costs.
  - \* An Early Retirement Plan was offered to all full time staff for the end of the 2007-08 school year. Conditions included at least 25 years of school experience and 55 years of age to qualify for \$15,000 stipend.
-

- \* Saber Athletic Boosters donated \$12,548.05 plus labor to renovate the high school concession stand.
  - \* Central Community School District purchased an additional two classroom modular for Ekstrand Elementary - to be usable by 2008-09 school year.
  - \* On December 12, 2007 the Board approved the implementation of a new 7<sup>th</sup> grade football program to begin in the fall of 2008.
  - \* In January 2008, the Board approved moving to a trimester schedule at the elementary beginning with the 2008-09 school year.
  - \* The property remaining at Welton (gymnasium and parking lot area) was sold to Bob Bowman on January 9, 2008 at a cost of \$60,850.
  - \* The Board approved a new Jump Start kindergarten program to begin in the fall of 2008.
  - \* On March 5, 2008 the Board received an update from the STAR Committee indicating a \$750,000 pledge from the City of DeWitt (TIF fund) conditional on: 1) City and School would work out the availability of the facilities for both, 2) Agreement that the School would own and maintain the facility, 3) Agreement that the School would present a bond issue to help pay for the costs, 4) City and School would work together to create ways to use the facility to the best advantage. City of DeWitt also indicated that they would set up \$100,000 with a match for an endowment to help with the ongoing maintenance costs.
  - \* An amendment to the FY08 Certified Budget was approved on April 9, 2008.
  - \* Approval and final acceptance of Phase I construction project was passed by the Board on April 9, 2008. Retention will be held for 30 days.
  - \* Certified Budget for FY09 was filed with Clinton County Auditor by April 15, 2008. The budget calls for \$150,000 in cash reserve, \$200,000 from the Management Levy, 6% income surtax for instructional support, \$1 levy for PPEL, and \$1.07 for Debt Service.
  - \* On April 28, 2008 Dr. Carol Hansen resigned as Superintendent of Schools effective June 11, 2008. She has accepted a position as Executive Director/CEO of Girl Scouts of Northeast Kansas and Northwest Missouri.
  - \* Ray and Associates was hired to do the search for a superintendent.
  - \* On May 14, 2008, Central Community Schools entered into a 28E Agreement with Northeast Schools to share a media specialist for 2008-09. The sharing agreement calls for 80% time and expenses for Central and 20% for Northeast.
  - \* On June 5, 2008 the Board approved the Resolution Directing the Sale of \$975,000 School Infrastructure Local Option Sales and Services Tax Revenue Bonds, Series 2008. This was issued for the purpose of cash flow to finish the Phase IIA construction. The revenue bonds were provided through DeWitt Bank & Trust of DeWitt.
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\* On June 6, 2008 the Board placed \$20,000 in earnest money with Total Realty Trust for the purchase of 72.79 acres of land at \$8,000 per acre for a total of \$582,320 with a closing date on or before March 1, 2009.

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## USING THIS ANNUAL REPORT

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The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Central Community School of Clinton County as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Central Community School of Clinton County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Central Community School of Clinton County acts solely as an agent or custodian for the benefit of those outside of the School District.

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.



Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

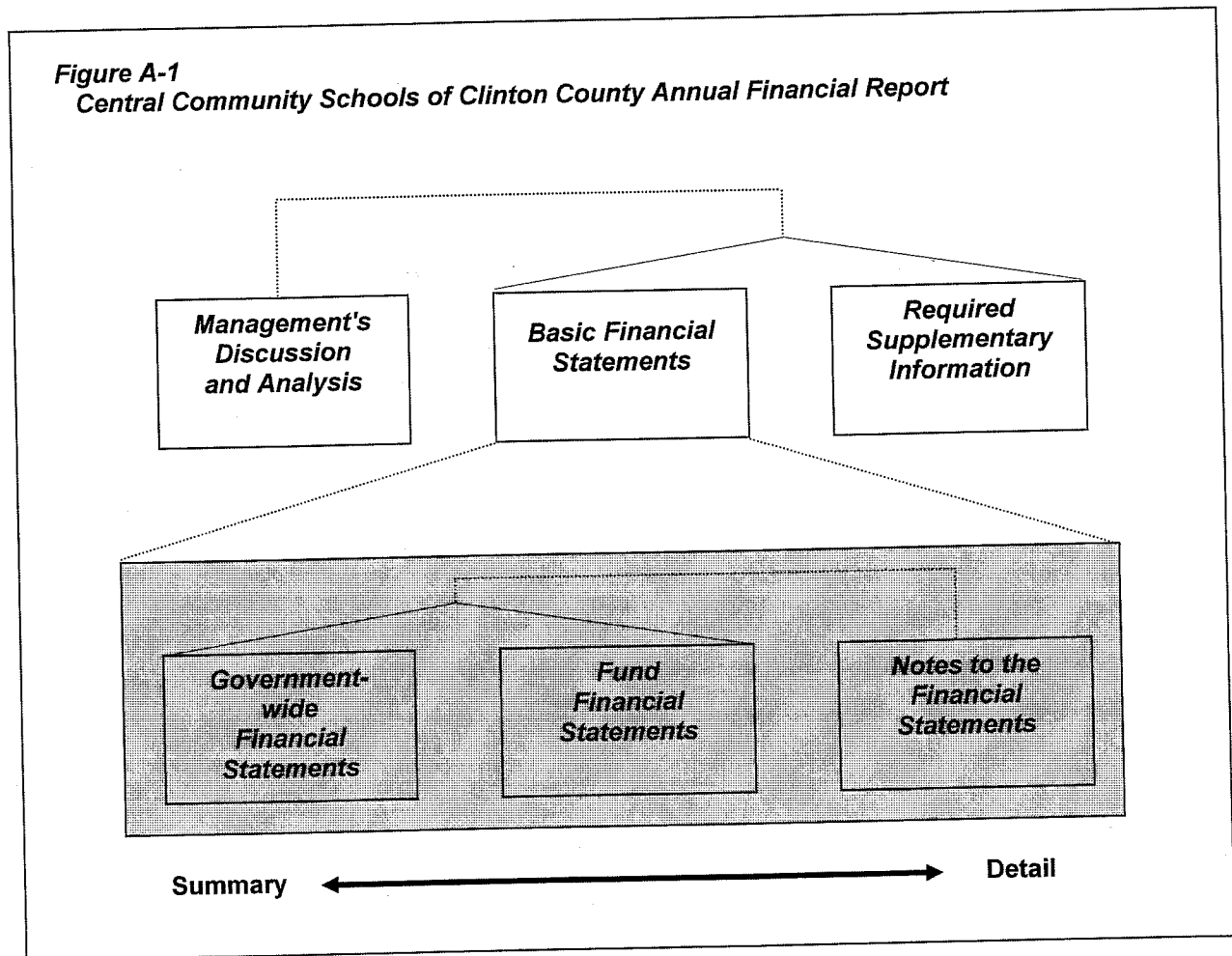


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2</b> <b>Major Features of the Government-Wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses, e.g., food service	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net assets* and how they have changed. Net assets -- the difference between the District's assets and liabilities -- are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- \* *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.

- \* *Business-type activities*: The District charges fees to help cover the costs of certain services it provides. The District's food service program would be included here.

### Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds focusing on its most significant or "major" funds -- not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- 1) *Government Funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Capital Projects, and Debt Service Fund.

The required financial statements for the governmental funds include a balance sheet and a statements of revenues, expenditures and changes in fund balances.

2) *Proprietary Funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund. The District's Internal Service funds, one type of proprietary fund, are the same as its governmental activities, but provide more detail and additional information, such as cash flows. The District currently has one Internal Service fund account accounting for self-funded insurance.

The required financial statements for the proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

3) *Fiduciary Funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds are the Private-Purpose Trust Fund and Agency Fund.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund - These are funds for which the District administers and accounts for certain revenues collected for the PTO, Sabertooth, and Flex funds.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2008 compared to June 30, 2007.

**Figure A-3**  
**Condensed Statement of Net Assets**

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Current and other assets	\$ 10,332,321	12,902,800	75,574	73,812	10,407,895	12,976,612	-19.79%
Capital assets	11,935,393	7,955,123	142,363	66,503	12,077,756	8,021,626	50.56%
Total assets	22,267,714	20,857,923	217,937	140,315	22,485,651	20,998,238	7.08%
Long-term obligations	3,214,524	2,713,829	0	0	3,214,524	2,713,829	18.45%
Other liabilities	6,607,088	6,657,927	7,334	5,521	6,614,422	6,663,448	-0.74%
Total liabilities	9,821,612	9,371,756	7,334	5,521	9,828,946	9,377,277	4.82%
Net assets:							
Invested in capital assets, net of related debt	8,905,393	8,082,188	142,363	66,503	9,047,756	8,148,691	11.03%
Restricted	2,044,645	2,013,523	0	0	2,044,645	2,013,523	1.55%
Unrestricted	1,496,064	1,390,456	68,240	68,291	1,564,304	1,458,747	7.24%
Total net assets	\$ 12,446,102	11,486,167	210,603	134,794	12,656,705	11,620,961	8.91%

The District's combined net assets increased by 8.91%, or \$1,035,744 over the prior year. The largest portion of the District's net assets is invested in capital assets, less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net assets increased \$31,122 or 1.55% over the prior year. This increase was due to the reclassification and restriction of the Capital Projects and Debt Service Funds.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased \$105,557 or 7.24%. This increase in unrestricted net assets was a result of the District's increase in the General Fund.

**Changes in net assets** - Figure A-4 shows the changes in net assets for the year ended June 30, 2008 compared to June 30, 2007.

**Figure A-4  
Changes of Net Assets**

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2008	2007	2008	2007	2008	2007	2007-08
Revenues and Transfers:							
Program revenues:							
Charges for services	\$ 730,851	761,456	481,164	460,580	1,212,015	1,222,036	-0.82%
Operating grants, contributions, and restricted interest	1,785,430	1,562,359	255,533	254,586	2,040,963	1,816,945	12.33%
General revenues:							
Property tax	4,961,511	4,714,059	0	0	4,961,511	4,714,059	5.25%
Income surtax	412,017	400,228	0	0	412,017	400,228	2.95%
Local option sales and services tax	1,019,250	1,126,096	0	0	1,019,250	1,126,096	-9.49%
Unrestricted state grants	6,218,918	6,134,695	0	0	6,218,918	6,134,695	1.37%
Unrestricted investment earnings	117,923	201,808	252	195	118,175	202,003	-41.50%
Other	329,358	154,658	0	0	329,358	154,658	112.96%
Transfers	(71,142)	(97,660)	71,142	0	0	(97,660)	100.00%
Total revenues and transfers	15,504,116	14,957,699	808,091	715,361	16,312,207	15,673,060	4.08%
Program expenses:							
Governmental activities:							
Instruction	8,969,752	8,403,847	0	0	8,969,752	8,403,847	6.73%
Support services	4,239,958	3,900,429	0	981	4,239,958	3,901,410	8.68%
Non-instructional programs	64,977	0	732,282	684,091	797,259	684,091	16.54%
Other expenses	1,269,494	952,594	0	0	1,269,494	952,594	33.27%
Total expenses	14,544,181	13,256,870	732,282	685,072	15,276,463	13,941,942	9.57%
Changes in net assets	959,935	1,700,829	75,809	30,289	1,035,744	1,731,118	-40.17%
Beginning net assets	11,486,167	9,785,338	134,794	104,505	11,620,961	9,889,843	17.50%
Ending net assets	\$ 12,446,102	11,486,167	210,603	134,794	12,656,705	11,620,961	8.91%

In fiscal 2008, property tax, income surtax, local option sales and services tax and unrestricted state grants account for 81.34% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 91.16% of the revenue from business type activities.

The District's total revenues were approximately \$16.3 million of which \$15.5 million was for governmental activities and more than \$.8 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.08% increase in revenues and a 9.57% increase in expenses. The increase in expenses is mainly due to the increase in instructional expenses throughout the year.

## Governmental Activities

Revenues and transfers for governmental activities were \$15,504,116 and expenses were \$14,544,181.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

**Figure A-5**  
**Total and Net Cost of Governmental Activities**

	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-08	2008	2007	Change 2007-08
Instruction	\$ 8,969,752	8,403,847	6.73%	7,061,418	6,696,376	5.45%
Support services	4,239,958	3,900,429	8.70%	4,163,558	3,794,216	9.73%
Non-instructional programs	64,977	0	100.00%	64,977	0	0.00%
Other expenses	1,269,494	952,594	33.27%	737,947	442,463	66.78%
Totals	<u>\$ 14,544,181</u>	<u>13,256,870</u>	<u>9.71%</u>	<u>12,027,900</u>	<u>10,933,055</u>	<u>10.01%</u>

\* The cost financed by users of the Districts programs was \$730,851.

\* Federal and state governments subsidized certain programs with grants and contributions totaling \$1,785,430.

\* The net cost of governmental activities was financed with \$4,961,511 in property tax, \$412,017 in income surtax, \$1,019,250 in local option sales and services tax, \$6,218,918 in unrestricted state grants, \$117,923 in interest income and \$329,358 in other general revenues.

## Business-Type Activities

Revenues of the District's business-type activities were \$808,091 and expenses were \$732,282. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the Year ended June 30, 2008, the District did increase meal prices. The meal prices increased for FY08 by \$.10 for breakfasts, lunches, and adult meals. Again the District will be obligating those increased revenues for replacement of obsolete kitchen equipment.

## INDIVIDUAL FUND ANALYSIS

As previously noted, the Central Community Schools of Clinton County District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$3,371,295, above last year's ending fund balances of \$3,095,160. The primary reason for the increase was the increase in the Capital Projects Fund balance during the year.

## **Governmental Fund Highlights**

- \* The District's improving General Fund financial position is the product of many factors. The increase in revenues in local tax and state sources were greater than the increase in General Fund expenditures ensuring the increase in the financial position of the District.
- \* The Capital Projects Fund balance increased from \$774,002 to \$986,011. This was a result of revenue bonds that were issued during the year.
- \* The Debt Service fund balance increased during the current year from \$662,387 to \$742,176. This was a result of anticipated bond principal and interest payments.

## **Proprietary Fund Highlights**

The School Nutrition Fund net assets increased from \$134,794 at June 30, 2007 to \$210,603 at June 30, 2008, representing an increase of 56.24%.

## **BUDGETARY HIGHLIGHTS**

The District's revenues were \$403,213 more than budgeted revenues, a variance of 2.55%. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the instruction and non-instructional functional areas during the year ended June 30, 2008.

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## **CAPITAL ASSET AND DEBT ADMINISTRATION**

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### **Capital Assets**

At June 30, 2008, the District had invested \$12.1 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 10.13% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$521,279.

The original cost of the District's capital assets was \$19,877,566. Governmental funds account for \$19,491,727 with the remainder of \$385,839 in the Proprietary, School Nutrition Fund.

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The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$1,300,019 at June 30, 2008, compared to \$0 at June 30, 2007. This resulted from District working on a cafeteria addition.

**Figure A-6**  
**Capital Assets, Net of Depreciation**  
**(Values are listed at acquisition cost)**

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Land	\$ 661,178	661,178	0	0	661,178	661,178	0.00%
Construction in progress	1,300,019	0	0	0	1,300,019	0	100.00%
Buildings	9,101,104	9,434,863	0	0	9,101,104	9,434,863	-3.67%
Land improvements	288,179	307,835	0	0	288,179	307,835	-6.82%
Machinery and equipment	584,913	383,312	142,363	66,503	727,276	449,815	38.15%
Total	\$ 11,935,393	10,787,188	142,363	66,503	12,077,756	10,853,691	10.13%

Note: The above assets are only the capitalized assets over \$5,000 in initial cost. These are the only assets required to be depreciated according to GASB 34 and District policy.

### Debt Administration

At June 30, 2008 the District had \$780,000 in general obligation bonds, \$2,250,000 in revenue bonds, \$180,000 in early retirement payable, and \$4,524 in compensated absences outstanding. This represents an increase of 18.45% over the previous fiscal year as can be seen in Figure A-7 below.

More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

**Figure A-7**  
**Outstanding Long-Term Obligations**

	Total School District		Total Change
	June 30,		June 30,
	2008	2007	2007-08
General obligation bonds	\$ 780,000	1,145,000	-31.88%
Revenue bonds	2,250,000	1,560,000	44.23%
Early retirement	180,000	0	100.00%
Compensated absences	4,524	8,829	-48.76%
Totals	\$ 3,214,524	2,713,829	18.45%

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

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At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

\* The State has indicated the allowable growth for the upcoming year will be 4%. The District did experience a minimal growth in enrollment so we will be receiving slightly more than 4%.

\* Central Community Schools is experiencing facility crowding especially at the elementary level. We will be purchasing an additional two classroom modular for the 2008-09 year. The Board is indicating that this is a temporary solution.

\* Again, we are into a fiscal year where there is no funding for technology from the state. The ongoing costs for upgrades of software, licensing, and networking is a major expense to school districts. We are still seeking ways to fund our needs. We are using some of the limited PPEL funds for technology purchases including classroom computers.

\* Central Community Schools has been notified by Wellmark that they will have a 0% increase in health insurance rates for the 2008-09 year.

\* Central Community Schools finished the Phase I construction projects and has moved into the Phase IIA plans. The Board works diligently on solving the District's facility needs and funding for those needs.

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## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Janice Culbertson, Business Manager, Administrative Offices, 100 6th Avenue, DeWitt, IA 52742.

BASIC FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 4,463,967	41,327	4,505,294
Receivables:			
Property tax:			
Delinquent	131,922	0	131,922
Succeeding year	4,915,820	0	4,915,820
Income surtax	378,537	0	378,537
Accounts	12,787	0	12,787
Due from other governments	429,288	1,504	430,792
Inventories	0	32,743	32,743
Capital assets, net of accumulated depreciation (Note 5)	11,935,393	142,363	12,077,756
<b>TOTAL ASSETS</b>	<b>22,267,714</b>	<b>217,937</b>	<b>22,485,651</b>
<b>LIABILITIES</b>			
Accounts payable	350,219	0	350,219
Salaries and benefits payable	1,240,721	0	1,240,721
Due to other governments	63,730	0	63,730
Interest payable	33,855	0	33,855
Deferred revenue:			
Succeeding year property tax	4,915,820	0	4,915,820
Other	2,743	0	2,743
Unearned revenue	0	7,334	7,334
Long-term liabilities (Note 6):			
Portion due within one year:			
General obligation bonds	385,000	0	385,000
Revenue bonds	300,000	0	300,000
Early retirement	90,000	0	90,000
Compensated absences	4,524	0	4,524
Portion due after one year:			
General obligation bonds	395,000	0	395,000
Revenue bonds	1,950,000	0	1,950,000
Early retirement	90,000	0	90,000
<b>TOTAL LIABILITIES</b>	<b>9,821,612</b>	<b>7,334</b>	<b>9,828,946</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	8,905,393	142,363	9,047,756
Restricted for:			
Debt service	742,176	0	742,176
Talented and gifted	13,540	0	13,540
Salary improvement program	1,124	0	1,124
Professional development	11,981	0	11,981
Additional teacher contract day	374	0	374
Market factor	22,697	0	22,697
Phase II	338	0	338
Early intervention	703	0	703
Capital projects	986,011	0	986,011
Management levy	159,064	0	159,064
Physical plant and equipment levy	47,239	0	47,239
Other special revenue purposes	59,398	0	59,398
Unrestricted	1,496,064	68,240	1,564,304
<b>TOTAL NET ASSETS</b>	<b>\$ 12,446,102</b>	<b>210,603</b>	<b>12,656,705</b>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Expenses	Operating Grants, Contributions and Restricted Services Interest	Governmental Activities	Business- Type Activities	Total
<b>Functions/Programs</b>					
Governmental activities:					
Instruction:					
Regular instruction	\$ 7,352,592	407,735	1,031,194	(5,913,663)	0 (5,913,663)
Special instruction	394,804	58,332	93,978	(242,494)	0 (242,494)
Other instruction	1,222,356	248,427	68,668	(905,261)	0 (905,261)
	8,969,752	714,494	1,193,840	(7,061,418)	0 (7,061,418)
Support services:					
Student services	570,172	0	0	(570,172)	0 (570,172)
Instructional staff services	407,084	0	0	(407,084)	0 (407,084)
Administration services	1,403,988	0	0	(1,403,988)	0 (1,403,988)
Operation and maintenance of plant services	1,073,764	0	0	(1,073,764)	0 (1,073,764)
Transportation services	784,950	16,357	60,043	(708,550)	0 (708,550)
	4,239,958	16,357	60,043	(4,163,558)	0 (4,163,558)
Non-instructional:					
Food service operations	64,977	0	0	(64,977)	0 (64,977)
Other expenditures:					
Facilities acquisitions	236,524	0	0	(236,524)	0 (236,524)
Long-term debt interest	100,014	0	0	(100,014)	0 (100,014)
AEA flowthrough	531,547	0	531,547	0	0
Depreciation(unallocated)*	401,409	0	0	(401,409)	0 (401,409)
	1,269,494	0	531,547	(737,947)	0 (737,947)
Total governmental activities	14,544,181	730,851	1,785,430	(12,027,900)	0 (12,027,900)
Business-Type activities:					
Non-instructional programs:					
Nutrition services	732,282	481,164	255,533	0	4,415 4,415
Total business-type activities	732,282	481,164	255,533	0	4,415 4,415
Total	\$ 15,276,463	1,212,015	2,040,963	(12,027,900)	4,415 (12,023,485)
<b>General Revenues and Transfers:</b>					
General Revenues:					
Property tax levied for:					
General purposes			\$ 4,156,582	0	4,156,582
Debt services			415,339	0	415,339
Capital outlay			389,590	0	389,590
Income surtax			412,017	0	412,017
Local option sales and service tax			1,019,250	0	1,019,250
Unrestricted state grants			6,218,918	0	6,218,918
Unrestricted investment earnings			117,923	252	118,175
Other general revenues			329,358	0	329,358
Transfers			(71,142)	71,142	0
Total general revenues and transfers			12,987,835	71,394	13,059,229
Changes in net assets			959,935	75,809	1,035,744
Net assets beginning of year			11,486,167	134,794	11,620,961
Net assets end of year			\$ 12,446,102	210,603	12,656,705

\* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 2,038,894	1,186,515	672,669	556,633	4,454,711
Receivables:					
Property tax:					
Delinquent	106,125	0	10,500	15,297	131,922
Succeeding year	3,915,000	0	414,518	586,302	4,915,820
Income surtax	378,537	0	0	0	378,537
Interfund	104,000	0	58,984	0	162,984
Accounts	10,468	0	0	2,319	12,787
Due from other governments	246,049	182,943	23	273	429,288
<b>TOTAL ASSETS</b>	<b>\$ 6,799,073</b>	<b>1,369,458</b>	<b>1,156,694</b>	<b>1,160,824</b>	<b>10,486,049</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Interfund payable	\$ 0	58,984	0	104,000	162,984
Accounts payable	1,368	324,463	0	24,388	350,219
Salaries and benefits payable	1,240,721	0	0	0	1,240,721
Due to other governments	63,297	0	0	433	63,730
Deferred revenue:					
Succeeding year property tax	3,915,000	0	414,518	586,302	4,915,820
Income surtax	378,537	0	0	0	378,537
Other	2,743	0	0	0	2,743
Total liabilities	5,601,666	383,447	414,518	715,123	7,114,754
Fund balances:					
Reserved for:					
Debt service	0	0	742,176	0	742,176
Talented and gifted	13,540	0	0	0	13,540
Salary improvement program	1,124	0	0	0	1,124
Professional development	11,981	0	0	0	11,981
Additional teacher contract day	374	0	0	0	374
Market factor	22,697	0	0	0	22,697
Phase II	338	0	0	0	338
Early intervention	703	0	0	0	703
Unreserved	1,146,650	986,011	0	445,701	2,578,362
Total fund balances	1,197,407	986,011	742,176	445,701	3,371,295
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,799,073</b>	<b>1,369,458</b>	<b>1,156,694</b>	<b>1,160,824</b>	<b>10,486,049</b>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2008

Total fund balances of governmental funds (page 19)	\$ 3,371,295
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	11,935,393
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	378,537
Blending of the Internal Service Funds to be reflected on an entity-wide basis.	9,256
Accrued interest payable in long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(33,855)
Long-term liabilities, including bonds payable, early retirement payable, and compensated absences payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(3,214,524)</u>
Net assets of governmental activities (page 17)	<u><u>\$ 12,446,102</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
<b>REVENUES:</b>					
Local sources:					
Local tax	\$ 4,347,846	1,019,250	415,339	592,690	6,375,125
Tuition	406,013	0	0	0	406,013
Other	361,472	48,489	7,110	360,571	777,642
Intermediate sources	2,829	0	0	0	2,829
State sources	7,619,759	0	257	369	7,620,385
Federal sources	315,295	0	0	0	315,295
Total revenues	13,053,214	1,067,739	422,706	953,630	15,497,289
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Regular instruction	7,313,907	0	0	24,644	7,338,551
Special instruction	395,019	0	0	1,344	396,363
Other instruction	776,426	37,055	0	409,335	1,222,816
	8,485,352	37,055	0	435,323	8,957,730
Support services:					
Student services	568,973	0	0	1,729	570,702
Instructional staff services	335,031	0	0	72,058	407,089
Administration services	1,392,832	0	0	14,962	1,407,794
Operation and maintenance of plant services	1,004,638	0	0	126,415	1,131,053
Transportation services	668,621	0	0	173,693	842,314
	3,970,095	0	0	388,857	4,358,952
Non-instructional:					
Food service and community service operations	0	64,955	0	22	64,977
Other expenditures:					
Facilities acquisitions	0	1,313,310	0	276,314	1,589,624
Long-term debt:					
Principal	0	0	650,000	0	650,000
Interest and fiscal charges	0	0	108,327	0	108,327
AEA flowthrough	531,547	0	0	0	531,547
	531,547	1,313,310	758,327	276,314	2,879,498
Total expenditures	12,986,994	1,415,320	758,327	1,100,516	16,261,157
Excess(deficiency) of revenues over(under) expenditures	66,220	(347,581)	(335,621)	(146,886)	(763,868)
Other financing sources(uses):					
Transfers in	11,227	0	415,410	0	426,637
Transfers out	0	(415,410)	0	(11,227)	(426,637)
Issuance of bonds	0	975,000	0	0	975,000
Proceeds from the disposal of property	7,088	0	0	57,915	65,003
Total other financing sources(uses)	18,315	559,590	415,410	46,688	1,040,003
Net change in fund balances	84,535	212,009	79,789	(100,198)	276,135
Fund balance beginning of year	1,112,872	774,002	662,387	545,899	3,095,160
Fund balance end of year	\$ 1,197,407	986,011	742,176	445,701	3,371,295

SEE NOTES TO FINANCIAL STATEMENTS.



CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds (page 21)	\$ 276,135
 <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures, depreciation expense and loss on disposal of capital assets in the current year, as follows:	
Capital expenditures	\$ 1,672,619
Depreciation expense	(519,327)
Loss on disposal of capital assets	(5,087)
	<u>1,148,205</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.	(325,000)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	8,713
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.	
Early retirement	\$ (180,000)
Compensated absences	4,305
	<u>(175,695)</u>
Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds.	17,653
Net change in Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis.	<u>9,924</u>
Changes in net assets of governmental activities (page 18)	<u>\$ 959,935</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2008

	Business-Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 41,327	9,256
Inventories	32,743	0
Due from other governments	1,504	0
Capital assets, net of accumulated depreciation (Note 5)	142,363	0
<b>TOTAL ASSETS</b>	<b>217,937</b>	<b>9,256</b>
<b>LIABILITIES</b>		
Unearned revenue	7,334	0
<b>NET ASSETS</b>		
Invested in capital assets	142,363	0
Unrestricted	68,240	9,256
<b>TOTAL NET ASSETS</b>	<b>\$ 210,603</b>	<b>9,256</b>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2008

	Business-Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
OPERATING REVENUE:		
Local sources:		
Charges for services	\$ 481,164	1,692,204
OPERATING EXPENSES:		
Support services:		
Administrative services:		
Services	0	1,682,280
Non-instructional programs:		
Food service operations:		
Salaries	309,325	0
Benefits	56,108	0
Services	9,297	0
Supplies	354,925	0
Depreciation	1,952	0
Other	675	0
TOTAL OPERATING EXPENSES	732,282	1,682,280
OPERATING INCOME (LOSS)	(251,118)	9,924
NON-OPERATING REVENUES:		
Interest income	252	0
State sources	7,948	0
Federal sources	247,085	0
TOTAL NON-OPERATING REVENUES	255,285	0
Changes in net assets before other financing sources	4,167	9,924
OTHER FINANCING SOURCES:		
Capital Contributions	71,142	0
Donations	500	0
TOTAL OTHER FINANCING SOURCES:	71,642	0
Changes in net assets	75,809	9,924
Net assets at beginning of year	134,794	(668)
Net assets end of year	\$ 210,603	9,256

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit I

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2008

	Business-Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 477,531	0
Cash received from miscellaneous operating activities	5,706	1,692,204
Cash payments to employees for services	(365,433)	0
Cash payments to suppliers for goods or services	(322,703)	(1,682,569)
Net cash provided by(used in)operating activities	(204,899)	9,635
Cash flows from non-capital financing activities:		
State grants received	7,948	0
Federal grants received	199,492	0
Net cash provided by non-capital financing activities	207,440	0
Cash flows from capital financing activities:		
Donations	500	0
Purchase of assets	(6,670)	0
Net cash used in capital financing activities	(6,170)	0
Cash flows from investing activities:		
Interest on investments	252	0
Net increase(decrease) in cash and cash equivalents	(3,377)	9,635
Cash and cash equivalents at beginning of year	44,704	(379)
Cash and cash equivalents at end of year	\$ 41,327	9,256
Reconciliation of operating income(loss) to net cash provided by(used in)operating activities:		
Operating income(loss)	\$ (251,118)	9,924
Adjustments to reconcile operating income(loss) to net cash used in operating activities:		
Commodities consumed	46,089	0
Depreciation	1,952	0
Increase in inventories	(3,834)	0
Decrease in accounts receivable	199	0
Decrease in accounts payable	(61)	(289)
Increase in deferred revenue	1,874	0
Net cash provided by(used in)operating activities	\$ (204,899)	9,635
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:		
Current assets:		
Cash and pooled investments	\$ 41,327	9,256
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
During the year ended June 30, 2008, the District received federal commodities valued at \$46,089.		
During the year ended June 30, 2008, the Nutrition Fund received \$71,142 in contributed capital from the Capital Projects Fund.		

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2008

	Private Purpose Trust Scholarship Fund	Agency Fund
ASSETS		
Cash and pooled investments	\$ 310,797	53,257
Accrued interest receivable	0	3,056
Total assets	<u>310,797</u>	<u>56,313</u>
LIABILITIES		
Due to other groups	0	56,313
Total liabilities	<u>0</u>	<u>56,313</u>
NET ASSETS		
Reserved for scholarships	<u>\$ 310,797</u>	<u>0</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2008

	Private Purpose Trust
	Scholarship Fund
Additions:	
Local sources:	
Gifts and contributions	\$ 202,250
Interest income	12,212
Total additions	<u>214,462</u>
Deductions:	
Non-instructional programs:	
Scholarships awarded	<u>2,250</u>
Total deductions	<u>2,250</u>
Change in net assets	212,212
Net assets beginning of year	<u>98,585</u>
Net assets end of year	<u><u>\$ 310,797</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

(1) **Summary of Significant Accounting Policies**

The Central Community Schools of Clinton County is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of DeWitt, Iowa, and the predominate agricultural territory in Clinton County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Central Community Schools of Clinton County has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Central Community Schools of Clinton County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Clinton County Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition of capital facilities.

The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt.

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Internal Service Fund. The School Nutrition Fund is used to account for the food service



operations of the District. The Internal Service Fund is used to account for the District's self-funded dental insurance plan.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary fund includes the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net

assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute,

the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Land improvements	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-12 years

Salaries and Benefits Payable - Payroll and related expenditures for contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected in the Statement of Net Assets in the Proprietary, School Nutrition Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

### E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures in the instructional and non-instructional functional areas exceeded the amounts budgeted.

#### **(2) Cash and Pooled Investments**

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 281,513</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

#### **(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2008 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 58,984
General	Special Revenue, Physical Plant and Equipment Levy	<u>104,000</u>
Total		<u>\$ 162,984</u>

(4) Transfers

The detail of transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 415,410
General	Special Revenue, Student Activity	11,227
Total		<u>\$ 426,637</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 661,178	0	0	661,178
Construction in progress	0	1,300,019	0	1,300,019
Total capital assets not being depreciated	<u>661,178</u>	<u>1,300,019</u>	<u>0</u>	<u>1,961,197</u>
Capital assets being depreciated:				
Buildings	14,870,282	28,813	159,707	14,739,388
Land improvements	598,529	24,268	0	622,797
Machinery and equipment	1,962,485	319,519	113,659	2,168,345
Total capital assets being depreciated	<u>17,431,296</u>	<u>372,600</u>	<u>273,366</u>	<u>17,530,530</u>
Less accumulated depreciation for:				
Buildings	5,435,419	357,485	154,620	5,638,284
Land improvements	290,694	43,924	0	334,618
Machinery and equipment	1,579,173	117,918	113,659	1,583,432
Total accumulated depreciation	<u>7,305,286</u>	<u>519,327</u>	<u>268,279</u>	<u>7,556,334</u>
Total capital assets being depreciated, net	<u>10,126,010</u>	<u>(146,727)</u>	<u>5,087</u>	<u>9,974,196</u>
Governmental activities capital assets, net	<u>\$ 10,787,188</u>	<u>1,153,292</u>	<u>5,087</u>	<u>11,935,393</u>
Business-type activities:				
Machinery and equipment	\$ 331,422	77,812	23,395	385,839
Less accumulated depreciation	264,919	1,952	23,395	243,476
Business-type activities capital assets, net	<u>\$ 66,503</u>	<u>75,860</u>	<u>0</u>	<u>142,363</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	\$ 41,080
Regular	
Support services:	76,838
Transportation	<u>117,918</u>
	<u>401,409</u>
Unallocated depreciation	
Total governmental activities depreciation expense	<u>\$ 519,327</u>
Business-type activities:	
Food service	<u>\$ 1,952</u>

## (6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 1,145,000	0	365,000	780,000	385,000
Revenue bonds	1,560,000	975,000	285,000	2,250,000	300,000
Early retirement	0	180,000	0	180,000	90,000
Compensated absences	8,829	4,524	8,829	4,524	4,524
Total	<u>\$ 2,713,829</u>	<u>1,159,524</u>	<u>658,829</u>	<u>3,214,524</u>	<u>779,524</u>

### General Obligation Bonds Payable

Details of the District's June 30, 2008 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Bond issue of August 1, 2001			
	Interest Rate	Principal	Interest	Total
2009	3.000 %	\$ 385,000	29,218	414,218
2010	3.250	395,000	12,844	407,844
Total		<u>\$ 780,000</u>	<u>42,062</u>	<u>822,062</u>

### Revenue Bonds Payable

Details of the District's June 30, 2008 revenue bonded indebtedness is as follows:

Year Ending June 30,	Bond issue of August 1, 2001				Bond issue of June 25, 2008				
	Interest Rate	Principal	Interest	Total	Interest Rate	Principal	Interest	Total	Totals
2009	4.250 %	\$ 300,000	50,280	350,280	2.600 %	\$ 0	14,739	14,739	365,019
2010	4.400	310,000	37,085	347,085	2.600	310,000	24,497	334,497	681,582
2011	4.500	325,000	22,952	347,952	2.950	325,000	15,674	340,674	688,626
2012	4.600	340,000	7,820	347,820	3.200	340,000	5,440	345,440	693,260
Total		\$ 1,275,000	118,137	1,393,137		\$ 975,000	60,350	1,035,350	2,428,487

The District has pledged future local option sales and services tax revenues to repay the \$2,815,000 bonds issued in August of 2001 and the \$975,000 bonds issued in June of 2008 for the purposes of an addition to Ekstrand Elementary and a high school construction project. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District and are payable through 2012. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 100 percent of the local option sales and services tax revenues. The total principal and interest remaining on the notes are \$1,393,137 and \$1,035,351 respectively. For the current year, \$347,890 of principal and interest was paid on the bonds issued in August of 2001. No principal and interest was paid on the bonds issued in June 2008. Total local option sales and services tax revenues for the year were \$1,019,250.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) \$281,500 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

#### **(7) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a



publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007 and 2006. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$485,056, \$444,922 and \$418,787, respectively, equal to the required contributions for each year.

**(8) Risk Management**

The District has a self-funded dental insurance plan. Total out of pocket expense per participant is \$1,000. Settled claims have not exceeded the commercial coverage in any of the past three years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. That balance was \$9,256 at June 30, 2008.

The Central Community Schools of Clinton County is exposed to various risks to loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

**(9) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$531,547 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(10) Budget Overexpenditure**

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2008, expenditures in the instruction and non-instructional functions exceeded the amount budgeted.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND  
CHANGES IN BALANCES -  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2008

	Governmental	Proprietary		Budgeted Amounts		Final to
	Fund Types	Fund Type	Total	Original	Final	Actual
	Actual	Actual	Actual			Variance
Revenues:						
Local sources	\$ 7,558,780	481,416	8,040,196	7,758,966	7,758,966	281,230
Intermediate sources	2,829	0	2,829	2,500	2,500	329
State sources	7,620,385	7,948	7,628,333	7,583,783	7,583,783	44,550
Federal sources	315,295	247,085	562,380	485,276	485,276	77,104
Total revenues	15,497,289	736,449	16,233,738	15,830,525	15,830,525	403,213
Expenditures:						
Instruction	8,957,730	0	8,957,730	8,415,000	8,600,000	(357,730)
Support services	4,358,952	0	4,358,952	4,447,350	4,700,000	341,048
Non-instructional programs	64,977	732,282	797,259	725,000	750,000	(47,259)
Other expenditures	2,879,498	0	2,879,498	3,547,957	4,400,000	1,520,502
Total expenditures	16,261,157	732,282	16,993,439	17,135,307	18,450,000	1,456,561
Excess(deficiency) of revenues over(under) expenditures	(763,868)	4,167	(759,701)	(1,304,782)	(2,619,475)	1,859,774
Other financing sources, net	1,040,003	71,642	1,111,645	1,000	1,000	1,113,645
Excess(deficiency) of revenues and other financing sources over(under) expenditures	276,135	75,809	351,944	(1,303,782)	(2,618,475)	2,973,419
Balance beginning of year	3,095,160	134,794	3,229,954	3,376,764	3,376,764	(146,810)
Balance end of year	\$ 3,371,295	210,603	3,581,898	2,072,982	758,289	2,826,609

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budget expenditures by \$1,314,693.

During the year ended June 30, 2008, expenditures in the instruction and non-instructional programs functional areas exceeded the amount budgeted.

OTHER SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2008

	Nonmajor Special Revenue Funds			
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
<b>ASSETS</b>				
Cash and pooled investments	\$ 333,960	64,554	158,119	556,633
Receivables:				
Property tax:				
Current year delinquent	5,475	0	9,822	15,297
Succeeding year	200,000	0	386,302	586,302
Accounts	0	2,319	0	2,319
Due from other governments	12	240	21	273
<b>TOTAL ASSETS</b>	<u>\$ 539,447</u>	<u>67,113</u>	<u>554,264</u>	<u>1,160,824</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Interfund payable	\$ 0	0	104,000	104,000
Accounts payable	0	7,665	16,723	24,388
Due to other governments	383	50	0	433
Deferred revenue:				
Succeeding year property tax	200,000	0	386,302	586,302
Total liabilities	<u>200,383</u>	<u>7,715</u>	<u>507,025</u>	<u>715,123</u>
Fund balances:				
Unreserved	<u>339,064</u>	<u>59,398</u>	<u>47,239</u>	<u>445,701</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 539,447</u>	<u>67,113</u>	<u>554,264</u>	<u>1,160,824</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008

	Nonmajor Special Revenue Funds			
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
REVENUES:				
Local sources:				
Local tax	\$ 203,100	0	389,590	592,690
Other	24,062	319,968	16,541	360,571
State sources	128	0	241	369
TOTAL REVENUES	227,290	319,968	406,372	953,630
EXPENDITURES:				
Current:				
Instruction:				
Regular instruction	24,644	0	0	24,644
Special instruction	1,344	0	0	1,344
Other instruction	2,396	328,361	78,578	409,335
Support services:				
Student services	1,729	0	0	1,729
Instructional staff services	1,003	1,973	69,082	72,058
Administration services	14,612	350	0	14,962
Operation and maintenance of plant services	86,717	0	39,698	126,415
Transportation services	25,976	0	147,717	173,693
Non-instructional:				
Food service and community service operations	22	0	0	22
Other expenditures:				
Facilities acquisition	0	0	276,314	276,314
TOTAL EXPENDITURES	158,443	330,684	611,389	1,100,516
Excess(deficiency) of revenues over(under) expenditures	68,847	(10,716)	(205,017)	(146,886)
OTHER FINANCING SOURCES(USES):				
Proceeds from the disposal of property	0	0	57,915	57,915
Transfer out	0	(11,227)	0	(11,227)
TOTAL OTHER FINANCING SOURCES(USES)	0	(11,227)	57,915	46,688
Net change in fund balances	68,847	(21,943)	(147,102)	(100,198)
Fund balances beginning of year	270,217	81,341	194,341	545,899
Fund balances end of year	\$ 339,064	59,398	47,239	445,701

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Activity tickets	\$ 1,840	32,454	34,129	165
Interest	1,131	339	0	1,470
MS drama	571	0	373	198
MS vocal music	3,334	866	355	3,845
MS instrumental music	1,712	1,397	2,568	541
MS general athletics	295	0	258	37
MS boys basketball	1,073	821	1,877	17
MS boys football	14	8,326	6,366	1,974
MS boys track	60	2,300	2,300	60
MS cross country	6	200	110	96
MS boys wrestling	105	204	105	204
MS girls basketball	371	361	622	110
MS girls volleyball	686	593	886	393
MS girls track	108	2,484	2,473	119
MS yearbook	1,929	1	0	1,930
MS student building project	470	0	0	470
MS concessions	10,160	6,334	9,757	6,737
D.A.R.E.	314	0	0	314
MS student council	645	1,378	652	1,371
HS drama	8,323	515	635	8,203
HS speech	163	253	0	416
HS vocal music	5,103	4,221	5,908	3,416
HS instrumental music	16,266	49,601	58,385	7,482
HS musicals	3,471	3,526	2,347	4,650
HS general athletics	(129)	22,630	22,270	231
HS boys basketball	1,354	12,007	10,604	2,757
HS boys football	44	25,555	24,951	648
HS boys soccer	11	1,615	1,631	(5)
HS boys baseball	571	6,809	7,557	(177)
HS boys track	6	4,977	5,026	(43)
HS cross country	2	879	842	39
HS boys golf	6	637	594	49
HS boys wrestling	214	5,631	5,723	122
HS girls basketball	1,072	6,329	7,288	113
HS girls volleyball	617	2,556	3,033	140
HS girls soccer	55	1,100	1,092	63
HS girls softball	459	7,467	6,768	1,158
HS girls track	66	6,066	6,032	100
HS girls golf	5	245	191	59
HS yearbook	3,804	20,583	31,781	(7,394)
HS newspaper	(80)	77	21	(24)



CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
HS cheerleading	576	374	401	549
HS central sensations dance	843	1,178	1,073	948
HS FFA	1,473	39,609	39,000	2,082
HS food production	(141)	0	0	(141)
HS national honor society	2,883	2,854	1,638	4,099
HS student council	3,097	12,355	9,936	5,516
HS SADD	767	0	0	767
HS class of 2008	3,317	150	3,467	0
HS class of 2009	553	13,314	12,747	1,120
HS class of 2010	113	408	32	489
HS class of 2011	0	156	7	149
Publications trip	565	0	522	43
Ekstrand special olympics	125	1,000	0	1,125
Ekstrand student council	943	1,550	1,895	598
Ekstrand resale	0	5,683	5,683	0
Total	\$ 81,341	319,968	341,911	59,398

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 YEAR ENDED JUNE 30, 2008

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>ASSETS</b>				
Cash and pooled investments	\$ 36,370	127,231	110,344	53,257
Accounts receivable	0	3,056	0	3,056
	<u>\$ 36,370</u>	<u>130,287</u>	<u>110,344</u>	<u>56,313</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 80	0	80	0
Due to other groups	36,290	130,287	110,264	56,313
	<u>\$ 36,370</u>	<u>130,287</u>	<u>110,344</u>	<u>56,313</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE LAST FIVE YEARS

	Modified Accrual Basis				
	Years Ended June 30,				
	2008	2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax	\$ 6,375,125	6,219,477	5,481,937	5,446,878	5,482,019
Tuition	406,013	360,671	371,388	370,479	423,082
Other	777,642	839,859	756,758	628,988	742,359
Intermediate sources	2,829	8,321	3,332	6,847	923
State sources	7,620,385	7,336,027	7,203,485	7,095,910	6,855,614
Federal sources	315,295	270,098	279,964	328,961	381,623
Total	\$ 15,497,289	15,034,453	14,096,864	13,878,063	13,885,620
Expenditures:					
Instruction:					
Regular instruction	\$ 7,338,551	5,084,403	4,758,348	4,844,291	4,895,670
Special instruction	396,363	1,942,885	1,884,306	2,194,872	2,258,272
Other instruction	1,222,816	1,480,076	1,510,257	1,086,120	1,121,948
Support services:					
Student services	570,702	586,018	508,169	523,889	511,424
Instructional staff services	407,089	449,007	422,505	397,983	398,076
Administration services	1,407,794	1,296,742	1,285,114	1,409,492	1,328,615
Operation and maintenance of plant services	1,131,053	1,031,531	1,014,598	969,635	879,635
Transportation services	842,314	643,292	867,954	651,042	621,878
Other support services	0	0	0	0	85,835
Non-instructional programs	64,977	0	8,341	1,136	6,516
Other expenditures:					
Facilities acquisitions	1,589,624	3,103,586	569,556	361,492	179,475
Long-term debt:					
Principal	650,000	630,000	600,000	575,000	550,000
Interest and fiscal charges	108,327	134,389	159,723	182,884	205,115
AEA flow-through	531,547	510,131	481,919	473,224	472,520
Total	\$ 16,261,157	16,892,060	14,070,790	13,671,060	13,514,979

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2008

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 08	30,322
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 08	211,259 *
			<u>241,581</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1082-G	113,788
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1082-GC	27,881
			<u>141,669</u>
STATE GRANTS FOR INNOVATIVE PROGRAMS	84.298	FY 08	<u>2,105</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 08	<u>5,000</u>
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 07	360
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 08	46,452
			<u>46,812</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 08	<u>11,911</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 07	820
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 08	92,033
SPECIAL EDUCATION - GRANTS TO STATES(Preschool)	84.173	FY 08	1,125
			<u>93,978</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 08	<u>14,898</u>
TOTAL			<u>\$ 557,954</u>

\* Includes \$46,090 of non-cash awards.

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Central Community Schools of Clinton County and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

# **NOLTE, CORNMAN & JOHNSON P.C.**

## **Certified Public Accountants**

(a professional corporation)

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Telephone (641) 792-1910

### Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters

### Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of the  
Central Community Schools of Clinton County:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Central Community Schools of Clinton County as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated April 14, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Central Community Schools of Clinton County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Central Community Schools of Clinton County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Central Community Schools of Clinton County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Central Community Schools of Clinton County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Central Community Schools of Clinton County's financial statements that is more than inconsequential will not be prevented or detected by Central Community Schools of Clinton County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Central Community Schools of Clinton County's internal control.

Members American Institute & Iowa Society of Certified Public Accountants

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-08 is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Community Schools of Clinton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Central Community Schools of Clinton County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Central Community Schools of Clinton County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Central Community Schools of Clinton County and other parties to whom Central Community Schools of Clinton County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Central Community Schools of Clinton County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
NOLTE, CORNMAN & JOHNSON, P.C.

April 14, 2009

# **NOLTE, CORNMAN & JOHNSON P.C.**

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### Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Education of  
Central Community Schools of Clinton County:

#### Compliance

We have audited the compliance of Central Community Schools of Clinton County with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Central Community Schools of Clinton County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Central Community Schools of Clinton County's management. Our responsibility is to express an opinion on Central Community Schools of Clinton County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central Community Schools of Clinton County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Central Community Schools of Clinton County's compliance with those requirements.

In our opinion, Central Community Schools of Clinton County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

#### Internal Control Over Compliance

The management of Central Community Schools of Clinton County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Central Community Schools of Clinton County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Central Community Schools of Clinton County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be a material weaknesses, as defined above.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Central Community Schools of Clinton County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Central Community Schools of Clinton County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Central Community Schools of Clinton County and other parties to whom Central Community Schools of Clinton County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

  
NOLTE, CORNMAN & JOHNSON, P.C.

April 14, 2009



CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was as follows:
  - CFDA Number 84.010 - Title I Grants to Local Educational Agencies

Clustered Programs:

  - CFDA Number 10.553 - School Breakfast Program
  - CFDA Number 10.555 - National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Central Community Schools of Clinton County did not qualify as a low-risk auditee.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

II-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person in the Student Activity fund.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

II-B-08 Purchase Orders - We noted during our audit of the Special Revenue, Student Activity Fund, instances where a purchase order wasn't utilized correctly. We noted instances where purchase orders were altered to different vendors.

Recommendation - The advantage of using a purchase order system is that the approvals of the items being purchased are noted prior to the ordering of the items. In addition, when the items are approved and the purchase order is properly generated, it also reflects on the financial records as an outstanding order, which represents the amount as an obligation against the budget. When monitoring the actual expenses, it can be helpful to know the outstanding orders which will be subsequently paid, therefore allowing the person who approves purchase orders the insight to know if there is still available funding to make the purchase.

Response - We have been diligently working on this problem. We are making progress. The departments that are continually having problems are athletics and fine arts. We will continue working with them

Conclusion - Response accepted.

II-C-08 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The Student Activity Fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). More specific examples of these instances of questioned items and recommendations are as follows:

There are Interest accounts. These accounts should be allocated among the Student Activity Funds that earned the interest. This allocation should be done at least annually. Interest earned should be distributed to individual accounts within the Student Activity Fund.

Response - Locally we have determined that the interest is actually the responsibility of the Board of Education. As such, we use the funds to support the activities in the Activity Fund that are in need of extra support. We have not ever distributed the funds to the various sub accounts and do not plan to at this time.

Conclusion - Response acknowledged. However, the interest earned is from the Student Activity Fund bank account and should be allocated to all the accounts that make up the Student Activity Fund accordingly.

- II-D-08 Officials Contracts - We noted during our audit that the Board President was not signing athletic officials' contracts for the District. Chapter 291.1 of the Code of Iowa states that the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts the District enters into to comply with Chapter 291.1 of the Code of Iowa.

Response - We have already made the transition. A Board motion has authorized the administration office to use the Board President's stamp on each of the contracts.

Conclusion - Response accepted.

- II-E-08 Cell Phone Policy - We noted during our audit that the District does not have a policy in place for the use of District owned cell phones.

Recommendation - The District should review the policies in place and update the necessary policies.

Response - We have approved Policy 401.13, District Issued Cell Phones. This policy was adopted on December 10, 2008.

Conclusion - Response accepted.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No matters were noted.

CENTRAL COMMUNITY SCHOOLS OF CLINTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-08 Certified Budget - District expenditures for the year ended June 30, 2008 exceeded the amount budgeted in the instructional and non-instructional functions.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The budget was amended prior to exceeding the function areas. The accruals for the summer were more than anticipated in April. We will try to estimate closer next year.

Conclusion - Response accepted.

IV-B-08 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted. However, we did note during our audit that there was an instance of a travel expense reimbursement to an employee that was not calculated correctly resulting in an overpayment of \$26.75.

Recommendation - The District has an administrator approval signature on the travel expense voucher. It appears that the administrator signing the travel expense voucher needs to review basic math calculations. The administrator before signing approval should recalculate the reimbursement request.

Response - This was an isolated incident. The accounts payable clerk will double check each voucher in the future when it is submitted.

Conclusion - Response accepted.

IV-D-08 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Trish Thayer, teacher Spouse is manager of The Office Center	Office equipment and supplies	\$28,219
Diane and William Prichard, teachers Owners of Opera house Theatre	Rent	\$2,432
Madonna Schlotfeldt, food service	Cakes for reception	\$388
Bev Boussetot, teacher Spouse is co-owner of Scott Drugstore	Film and supplies	\$112
Rodney Wold, bus driver Owner of Wold's Petro Shop	Tire repairs	\$5

In accordance with the Attorney General's opinion dated November 9, 1976, above transactions with the spouses of the District's employees do not appear to represent a conflict of interest.

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with the owners of businesses do not appear to represent a conflict of interest.

IV-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-08 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the minutes were not always published in a timely manner.

Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.

Response - We publish the minutes and email to the newspaper within two weeks. However, sometimes deadlines for publication are a little later. We will monitor this more closely and document when and why if published late again.

Conclusion - Response accepted.

IV-G-08 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-08 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.